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- The Secretary S

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EA - Marshall Green FROM

Sino-U.S. Ambassadorial Talks on SUBJECT:

January 20, 1970 -- ACTION MEMORANDUM

Discussion:

1. The draft guidance for Ambassador Stoessel at the scheduled February 20, 1970 meeting with the Chinese in Warsaw is attached at Tab A. This guidance is based on the analysis at Tab B of our objectives and those of the Chinese in this present series of meetings.

- Our guidance probes Chinese interest in reaching an agreement on Taiwan which, in effect, will put this issue to one side and enable us to go on to discuss and act upon other bilateral Sino-U.S. issues. It indicates that we would see Chinese willingness to discuss and move on other issues simultaneously with the Taiwan question as facilitating our ability to discuss Taiwan. And it deflects but does not reject a Chinese proposal for higher-level meetings, including acceptance of our suggestion at our last meeting, until further progress is made at the Ambas-sadorial level.
- Aside from the key formulations of our Taiwan position and on a higher level meeting, we have made the following new formulations on other issues:
 - a) We note our intention of dropping the remaining travel restriction relating to mainland China;

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- b) we offer specifically to discuss and settle blocked accounts;
- c) on prisoners in China, we focus on Richard Pecteau, a U.S. prisoner in China, whose sentence ends in two years and for whom we solicit amnesty.

Recommendation:

That you approve transmittal of the attached Warsaw guidance (Tab A) and strategy memorandum (Tab B) to the President.

APPROVE_	
DISAPPROVE_	

Concurrences:

EA - Ambassador Brown EUR - Mr. Swank

Attachments:

Tab A - Draft guidance for Schedule 2/20 Meeting. Tab B - U.S. Strategy in Current Sino-U.S. Talks.

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AMBASSADOR'S OPENING STATEMENT

INTRODUCTION

1. Mr. Charge d'Affaires, the views of your Government, which you expressed at our meeting on January 20, have been given careful consideration at the highest levels of my Government. I have listened with great interest to your remarks here today. My Government has noted that in your statement of January 20, you stated that the United States position on the question of Taiwan does not accord with the Cairo Declaration and other public statements in the past by American officials on this issue. Our two Governments obviously have differing interpretations of these statements, and it seems to me that for us to engage here in an historical debate over these questions will cause use both to look back and rather than toward the future and will be of little help in moving us toward a resolution of the problems which confront us today. So let us recognize that there are differences, but let us also recognize that there are ways c: reducing these differences if there is goodwill and an earnest SECRET/NODIS

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desire on both-sides for an improvement of relations. I feel, as I suggested at our last meeting, that in spirit the views of our two Governments on a number of issues may be closer now than they have been since these talks first began in 1955. I sincerely hope this is the case.

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2. At our meeting on January 20 and again today, Mr. Charge d'Affaires, you have emphasized the importance to your Government of the question of Taiwan and the necessity for some progress toward the resolution of this issue as part of any general improvement of Sino-US relations. The question of Taiwan is, without doubt, a major obstacle to better relations between our two Governments, and we hope that as these meetings progress we will be able to arrive at some meeting of minds on this subject. My Government feels, however, that in our discussions we can and should move forward simultaneously, not only on the question of Taiwan, but also on the whole range of bilateral issues between our two countries. Progress on some such issues

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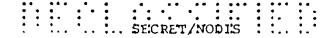
can be expected to contribute toward further progress on others.

We have a problem of atmosphere, of building of confidence.

This is essential to the easing of tensions and in turn, will contribute to a more rapid resolution of the more fundamental problems between us.

3. Mr. Charge d'Affaires, let me state as clearly and as frankly as possible our position on the question of Taiwan. It is my Government's position that the question of the relationship between Taiwan and the mainland of China is one to be resolved by the Chinese people of these two areas. While we will continue to adhere to the principle that the resolution of this question should be by peaceful means, without resort to the threat or use of force, we do not intend to interfere in any peaceful settlement of the Taiwan question which might be reached between the People's Republic of China and the Government in Taipei. Our commitments to the Republic of China are consistent with that position. The limited United States military presence in this area is not designed to influence the political settlement of this problem, nor is it is threat

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to the security of the People's Republic of China. Furthermore, it is my Government's intention to reduce those military facilities which we now have on Taiwan. I believe my Government's position on this question is consistent with the Five Principles of Peaceful Coexistence, and my Government is willing, should you agree, to discuss with you a joint declaration incorporating the principles which I have discussed and affirming our two Governments' adherence to the Five Principles of Peaceful Coexistence.

EXPANDED CONTACTS

- 4. Mr. Charge d'Affaires, at our meeting on January 20 you stated that your Government is willing to consider and discuss whatever ideas and suggestions my Government might put forward in accordance with the Five Principles of Peaceful Coexistence, therefore really helping to reduce tensions between China and the United States.
- 5. I will not review again today all the proposals which I mentioned in my statement of January 20 on which my Government

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feels that meaningful progress can be made. I would, however, like to mention one or two specific matters relating to the question of greater contacts between our two peoples. As you know, my Government has progressively eased its regulations on travel to the People's Republic of China which were imposed in 1950. On March 15 of this year these regulations must again either be renewed or abolished. They will not be renewed. Similarly, my Government has amended its regulations governing trade with the People's Republic of China, permitting at least the beginning of an exchange of goods between our two peoples. The United States believes that further amendment of our controls on trade should be possible in the near future. An expression of interest on your part in improving and developing contacts in such areas would be noted with great interest by my Government and the the American people.

Mr. Charge d'Affaires, as you know, in December of 1950 my Government and the Government of the People's Republic of China both took action to block (freeze) the financial assets SECRET/NODIS